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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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FEB 18 2010

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IN THE MATTER OF THE APPLICATION OF) DOCKET NO. T-03267A-09-0475
MCLEODUSA TELECOMMUNICATIONS)
SERVICES, INC. D/B/A PAETEC BUSINESS)
SERVICES FOR A FINANCING ORDER)
AUTHORIZING VARIOUS FINANCING)
TRANSACTIONS)

**NOTICE OF TRANSACTION AND
REQUEST FOR RETROACTIVE AUTHORITY**

In its application in this docket, McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") sought prospective financing authority to allow McLeodUSA the flexibility to take advantage of favorable market conditions and opportunities to participate in the refinancing or modification of existing corporate debt obligations. In its January 25, 2010 Staff Report, Staff recommended approval of the application subject to certain conditions.

At the time of the application, McLeodUSA was already guaranteeing its parent company's debt and its assets were already encumbered as security for the debt.

In January 2010, McLeodUSA's parent, PAETEC Holding Corp., was presented with a very favorable financing opportunity that would significantly enhance the corporate financial position, including its operating subsidiaries such as McLeodUSA. One of the primary benefits of the financing is that it allowed PAETEC Holding Corp. to extend its debt maturity profile which enhances its financial flexibility. PAETEC also secured highly favorable pricing in a response to strong demand for its offering. In light of the fluidity of the debt market, the company believed the opportunity was in its best interests and also in the interests of its customers to secure favorable

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1 financing that would further improve its financial cost structure and financial flexibility. The
2 financing transactions closed on January 7, 2010. Under the new financing, McLeodUSA
3 continues to guarantee its parent's debt and its assets continue to be encumbered to secure its
4 parent's debt. However, McLeodUSA also continues to hold a \$600,000 performance bond and
5 neither the bond nor its Arizona deposits are part of the new guarantee and encumbrance.

6 Given the need to act promptly during favorable market conditions to ensure obtaining
7 significant financial benefits, McLeodUSA now requests that the order granting the application in
8 this docket be retroactive to January 1, 2010. McLeodUSA understands that it will be bound by all
9 conditions in the order.

10 WHEREFORE, McLeodUSA requests that financing authority granted by the order in this
11 docket be retroactive to January 1, 2010.

12 RESPECTFULLY SUBMITTED this 15th day of February 2010.

13 ROSHKA DEWULF & PATTEN, PLC

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16 By 

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1 Original and 13 copies of the foregoing
2 filed this 18th day of February 2010 with:

3 Docket Control
4 Arizona Corporation Commission
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5 Copy of the foregoing hand-delivered/mailed
6 this 18th day of February 2010 to:

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